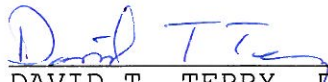


MAY 24, 2000

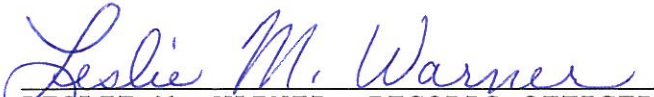
THE DIRECTOR OF THE SCHOOL AND INSTITUTIONAL TRUST LANDS ADMINISTRATION TOOK FORMAL ACTION ON MAY 24, 2000 IN THE TRUST LANDS ADMINISTRATION OFFICE, 675 EAST 500 SOUTH, SUITE 500, SALT LAKE CITY, UTAH 84102-2818, ON THE BELOW-LISTED MINERAL, SURFACE, AND TRUST ACCOUNTING BUSINESS MATTERS AS INDICATED.

THESE MINUTES INCLUDE MINERAL ACTIONS AS LISTED ON PAGES M-1 TO M-3; SURFACE ACTIONS AS LISTED ON PAGES S-1 TO S-8; AND TRUST ACCOUNTING ACTIONS AS LISTED ON PAGE A-1.

NOTE: GP 23105 on Page S-1 was denied by the Director pending further investigation and may appear on future Minutes.



DAVID T. TERRY, DIRECTOR
SCHOOL AND INSTITUTIONAL
TRUST LANDS ADMINISTRATION



LESLIE M. WARNER, RECORDS OFFICER

ARCHIVES APPROVAL NO. 7990209

TRUST LANDS
ADMINISTRATION
Approve JBF DT
Deny _____

May 24, 2000
Mineral Actions
Page M-1

OVER-THE-COUNTER MATERIALS PERMIT No. 231 (APPROVAL)

The above referenced Over-The-Counter Materials Permit for common sand and gravel is issued to Progressive Contracting Inc, P.O. Box 1930, St George, Utah 84771 to resolve a trespass.

AFFECTED LANDS:

Township 41 South, Range 14 West, SLB&M,
Section 33: Lot 8, SE4NW4

Township 42 South, Range 14 West, SLB&M,
Section 4: Lots 3 and 4, S2NW4

COUNTY: Washington ACRES: 236.71± FUND: Miners Hospital

RELEVANT FACTUAL BACKGROUND:

The subject lands have been designated by the Director as suitable for issuing over-the-counter Material Permits for common sand and gravel in conjunction with development projects in the St George area on trust lands (PRED. No.611). Progressive Contracting mined and processed screened road base material from the subject lands in 1999. A stockpile of crushed road base material containing 5533 cubic yards remained on the site after work was completed. Progressive Contractors marketed the stockpile in Washington County. Current royalty for crushed and or screened road base produced from trust lands in the Washington County market area is \$0.65 per cubic yard. Applicant has paid this rate for 5533 cubic yards of material. Total amount paid is \$3,596.45.

ACTION TAKEN:

Mr. Tom Faddies, Assistant Director, pursuant to R850-130-1400 and in accordance with delegation of authority, approved and issued the above referenced Over-The-Counter Materials Permit with a term of thirty days beginning May 1, 2000 and expiring May 30, 2000.

Mr. Faddies recommends that the Director approve the issuance of MP No.231 .

TRUST LANDS
ADMINISTRATION
Approve JBF DT
Deny _____

May 24, 2000
Mineral Actions
Page M-2

AMENDMENT OF SURETY BOND JY 0866 - ML 48258-BONUS; MULTIPLE BENEFICIARIES

On April 28, 1999, the Director accepted Surety Bond No. JY 0866 in the amount of \$20,160,000.00 with Pacificorp as Principal and St. Paul Fire and Marine Insurance Company as Surety for payment of the bonus bid balance due under mineral lease ML 48258-Coal. On March 31, 2000, Pacificorp timely made a required bonus bid payment of \$5,040,000.00, leaving a bonus bid balance of \$15,120,000.00 to be paid the Trust Lands Administration through installment payments in the due course of time.

On May 19, 2000, Pacificorp submitted a Decrease Rider for Surety Bond JY 0866, reducing the penal sum of the bond from \$20,160,000.00 to \$15,120,000.00 which represents the remaining balance due on the bonus bid for mineral lease ML 48258-Coal. Mr. Blake recommends that the Director accept the Decrease Rider as described above.

TRUST LANDS
ADMINISTRATION
Approve JBF DT
Deny _____

MINERAL LEASE APPLICATION FOR DIATOMACEOUS EARTH APPROVAL - ML- 48485-NCM;

ML 48485-NCM

Castle Rock Land & Livestock, L.C.
139 E. South Temple, Suite 310
Salt Lake City, UT 84111

T5S, R8W, SLB&M

Sec. 36: All

Tooele County

640.00 acres

Fund: SCH

Application Date: May 23, 2000

Diatomaceous earth is a non-classified mineral lease substance. The minerals staff discussed terms and conditions for issuance of a mineral lease for diatomaceous earth with the applicant. Consensus was reached that the lease would contain the standard terms and conditions of trust lands mineral leases, except as follows.

1. In addition to annual rental of \$1.00 per acre the Lessee shall pay an annual advance royalty of \$2.00 per acre. Advance royalties may be credited against actual production royalties accruing to the lease during the ten year primary term of the lease. Uncredited advance royalties are forfeited to the trust at the end of the primary term of the lease.
2. The production royalty rate shall be 27.5% of the gross value of the leased substances produced and removed from the leased lands, but not less than \$1.10 per short ton.

The applicant has submitted total payment of \$1,950.00 with the application, including \$640.00 advance rental, \$1,280.00 advance royalty, and \$30.00 filing fee.

The application has been checked for completeness, platted by the minerals section, and found to be in order. The lands status has been examined using both the plat books and the business system and the lands were found to be open and available for leasing of diatomaceous earth. The business system and plat books have been updated to show this lease as an existing contract on the lands described above.

Mr. Blake recommends that the Director approve mineral lease application ML 48485-NCM, as presented above.

EXPIRATION OF OIL, GAS & HYDROCARBON LEASE

The Oil, Gas & Hydrocarbon lease listed below has reached the end of it's term and expired on the date listed.
This item is for record keeping purposes.

<u>ML 44354</u>	<u>T39S, R26E, SLB&M</u>	<u>San Juan County</u>
Lane Lasrich	Sec. 16: All	640.00 acres
2597 East Bridger Blvd		
Sandy, UT 84093		

Fund: SCH

Expiration Date: April 30, 2000

TRUST LANDS
ADMINISTRATION
Approve JB F DT
Deny _____

METALLIFEROUS MINERAL LEASE APPLICATION - APPROVAL

Mr. Stokes recommends that the Director approve the Metalliferous mineral lease application listed below at a rental of \$1.00 per acre per annum; royalty as provided in the lease form approved by the Director of the Trust Lands Administration. The application has been checked for completeness, platted by the Minerals Section, and found to be in order. The land status has been examined utilizing both the plat books and business system, the lands were found to be open and available. The business system and plat books have been updated to show this lease to be an existing contract on the lands described below.

<u>ML 48484</u>	<u>T36S, R22E SLB&M</u>	<u>San Juan County</u>
Stephen Engle	Sec. 2: Lots 2 and 3	91.37 acres
7813 W. Bridgton Dr.		
Magna, UT 94044		

Fund: SCH

Application Date: April 14, 2000

GRAZING PERMITS

GRAZING PERMIT NO. 23105 (APPROVAL)

TRUST LANDS
ADMINISTRATION
Approve _____
Deny DT

MARTIN T. HUBER
P.O. BOX 403
LAPOINT, UTAH 84039

This item was denied by the Director pending further investigation and may appear on future Minutes.

927.30 Acres 80.00 AUMs School Fund

\$160.00 per annum; \$50.00 application fee; 15-year term.

County (s) Uintah

05/10/00 Beginning Date

T3S, R19E, SLB&M

Sec. 25: N2SE4, SE4NE4

Sec. 36: All

T4S, R19E, SLB&M

Sec. 2: Lots 1-4

Mr. Hales recommends the Director approved GP 23105.

* * * * *

EASEMENTS

RIGHT OF WAY NO. 2710 (CHANGE OF NAME)

TRUST LANDS
ADMINISTRATION
Approve K DT
Deny _____

The Trust Lands Administration has received evidence that, effective March 20, 2000, Chandler & Associates, LLC, has merged with and changed its name to Shenandoah Operating Company, LLC. Additionally, the billing address should be changed to 475 17th Street, Suite 1000, Denver, Colorado 80202. The \$10.00 name change fee has been submitted. Uintah County. School fund.

Ms. Durrant recommends the Director approve the change of name for ROW 2710.

TRUST LANDS
ADMINISTRATION
Approve DT
Deny _____

RIGHT OF WAY NO. 3324 (CHANGE OF NAME)

The Trust Lands Administration has received evidence that, effective March 20, 2000, Chandler & Associates, LLC, has merged with and changed its name to Shenandoah Operating Company, LLC. Additionally, the billing address should be changed to 475 17th Street, Suite 1000, Denver, Colorado 80202. The \$10.00 name change fee has been submitted. Emery County. School fund.

Ms. Durrant recommends the Director approve the change of name for ROW 3324.

TRUST LANDS
ADMINISTRATION
Approve DT
Deny _____

EASEMENT NO. 337 (CHANGE OF NAME)

The Trust Lands Administration has received evidence that, effective March 20, 2000, Chandler & Associates, LLC, has merged with and changed its name to Shenandoah Operating Company, LLC. Additionally, the billing address should be changed to 475 17th Street, Suite 1000, Denver, Colorado 80202. The \$10.00 name change fee has been submitted. Emery County. School fund.

Ms. Durrant recommends the Director approve the change of name for ESMT 337.

TRUST LANDS
ADMINISTRATION
Approve DT
Deny _____

EASEMENT NO. 469 (CHANGE OF NAME)

The Trust Lands Administration has received evidence that, effective March 20, 2000, Chandler & Associates, LLC, has merged with and changed its name to Shenandoah Operating Company, LLC. Additionally, the billing address should be changed to 475 17th Street, Suite 1000, Denver, Colorado 80202. The \$10.00 name change fee has been submitted. Uintah County. School fund.

Ms. Durrant recommends the Director approve the change of name for ESMT 469.

TRUST LANDS
ADMINISTRATION
Approve K DT
Deny _____

EASEMENT NO. 620 (APPROVAL)

APPLICANT'S NAME AND ADDRESS:

Questar Gas Company
1140 West 200 South
P O Box 45360
Salt Lake City, UT 84145-0360

LEGAL DESCRIPTION:

Township 43 South, Range 15 West, SLB&M
Section 7: SE4SE4
Section 8: SW4SW4
Section 17: SW4SE4NW4

A 30-foot easement for installation and maintenance of a natural gas pipeline over, under and across the Southeast Quarter, the Southwest Quarter, and the Northwest Quarter of Section 17, Township 43 South, Range 15 West, Salt Lake Base and Meridian. The centerline of said easement is described as follows:

Overland Portion:

Beginning at the southwesterly corner of the Questar Regulator Station parcel at a point N 01°10'58" E, 494.84 feet along the Center Section line, and East 56.53 feet from the South Quarter corner of Section 17, Township 43 South, Range 15 West, Salt Lake Base and Meridian, and running thence N 59°20'16" W 362.93 feet; thence N 70°07'12" W 633.38 feet; thence N 25°47'00" W 209.60 feet; thence N 00°15'00" W 362.20 feet; thence N 31°13'00" E 248.15 feet; thence N 04°56'43" E 427.19 feet; thence N 17°50'54" W 118.39 feet; thence N 14°17'00" E 175.00 feet; thence N 07°24'00" E 304.50 feet; thence N 53°33'00" W 163.68 feet; thence N 10°50'20" W 156.12 feet; thence N 27°04'57" E 375.63 feet; thence N 28°45'01" E 322.22 feet; thence N 01°10'55" E 637.15 feet; thence N 87°34'06" W 336.39 feet; thence S 86°31'08" W 140.70 feet; thence S 79°25'49" W 128.04 feet; thence N 01°23'10" E 1,072.41 feet to the south right-of-way line of Brigham Road, the terminus of said centerline.

Brigham Road Portion:

Beginning at a point on the Southerly Right-Of-Way line of Brigham Road, said point being S 88°46'42" E 1412.49 feet along the section line and South 71.61 feet from the Northwest corner of Section 17, Township 43 South, Range 15 West, Salt Lake Base and Meridian, and running thence West 78.06 feet to a point on the arc of a 586.00 foot

radius curve to the right, the radius point of which bears N 11°17'15" E; thence Northwesterly 349.44 feet along the arc of said curve to the point of tangency; thence N 44°32'47" W 40.00 feet; thence N 23°32'00" W 224.00 feet; thence N 31°40'00" W 256.00 feet to the point of an 800.00 foot radius curve to the left; thence Northwesterly 120.00 feet along the arc of said curve to the point of tangency; thence N 40°15'40" W 220.00 feet to the point of a 1300 foot radius curve to the left; thence Northwesterly 367.85 feet along the arc of said curve to the point of tangency; thence N 57°13'00" W 404.00 feet; thence N 59°08'00" W 346.49 feet to the boundary of Public Lands administered by the Bureau of Land Management and there terminating.

COUNTY: Washington ACRES: 5.88 FUND: School, Miner's
Hospital

PROPOSED ACTION:

The applicant is requesting an easement for a buried natural gas pipeline to service the new industrial park area in St. George. The pipeline follows an existing road (Brigham Road) for a portion and overland for a portion.

RELEVANT FACTUAL BACKGROUND:

The School and Institutional Trust Lands Administration notified the Resource Development Coordinating Committee ("RDCC") regarding the proposed easement. Comments received from the Utah Geological Survey and Division of Air Quality were sent to the applicant. State History commented that several surveys have been completed in the project area and on the project. These surveys have been submitted to State History and the Trust Lands Administration archaeologist. The survey on the project indicated no historic properties will be affected. The Trust Lands archaeologist and State History concur with the survey results.

EVALUATION OF FACTS:

A summary of the criteria considered in this easement application is as follows:

1. The proposed easement is not located entirely on Trust land and is located in an existing easement corridor.
2. The proposed easement term is for a period of 30 years.
3. The applicant has paid the fee as determined by the School and Institutional Trust Lands Administration.
4. The proposed easement will not have an unreasonably adverse effect on the developability or marketability of the subject

property.

Based on the above evaluation, this summary will constitute the Record of Decision.

Mr. Brown recommends the Director approve Easement No. 620 for a term of 30 years with the charge being \$23,520.00 plus the \$600.00 application fee. An administrative fee is to be assessed every three years beginning January 1, 2003. The expiration date is December 31, 2029.

* * * * *

SPECIAL USE LEASE AGREEMENTS

SPECIAL USE LEASE AGREEMENT NO. 1275 (APPROVAL)

TRUST LANDS
ADMINISTRATION
Approve K
Deny DT

APPLICANT'S NAME AND ADDRESS:

Price River Water Improvement District
265 South Fairgrounds Road
P.O. Box 903
Price, Utah 84501

APPLICATION TYPE:	INDUSTRIAL	APPLICATION FEE:	\$ 250.00
TERMS:	30 Years	PROCESSING FEE:	\$ 700.00
BEGINNING DATE:	June 1, 2000	FIRST YEAR RENTAL:	\$ 400.00
ENDING DATE:	May 31, 2030	ADVERTISING FEE:	\$ <u>217.50</u>
NEXT REVIEW DATE:	June 1, 2005	TOTAL SUBMITTED:	\$1,567.50

LEGAL DESCRIPTION:

Township 15 South, Range 10 East SLB&M
Section 8: NE4SE4NE4 (within)

COUNTY: Carbon ACRES: 0.75 FUND: School

PROPOSED ACTION:

The applicant desires a surface use lease to construct, operate and maintain a water haul station. The station would contain approximately 0.75 acres. An easement will be issued for an 8-inch water pipeline which would run from an existing Carbon County water storage tank located in the Four Mile Hill area to the water haul station.

RELEVANT FACTUAL BACKGROUND:

The application was advertised in a paper of local circulation in Carbon County. In addition, Carbon County was notified of the action and a copy of the notice was sent to all lessees, permittees, and adjoining

landowners. The required public notice process has been completed pursuant to the requirements of R850-30-500(2)(d) and R850-30-500(2)(e). There were no competing applications received during the notice period.

The Resource Development Coordinating Committee ("RDCC") reviewed this proposal and had "no comments at this time."

Consultation with the Trust Lands Administration staff archaeologist was completed on February 29, 2000. No cultural resource survey is required.

The term of the lease would be 30 years. The applicant submitted a bid for the annual rental for the water haul station of \$400.00 per year. There is an easement application for an 8-inch water pipeline (Easement Application No. 632) which has been filed in association with this lease. The approval of this easement will be addressed on a future set of director's minutes. This agreement will contain a clause whereby the annual rate is evaluated and can be adjusted at the end of each five (5) year period. The adjustment will be made according to Trust Land Administration rule R850-30-400(4) and will use the approved index.

EVALUATION OF FACTS:

Competing applications were solicited pursuant to R850-30-500(2) and no competing applications were received. The application was reviewed pursuant to R850-30-500(2)(g) and the applicant was notified of the need to submit a sealed bid pursuant to R850-30-500(2)(f). The applicant submitted a sealed bid in the amount of \$400.00 per year for the 0.75 acre in the lease site. The lease would have a clause providing for escalation of the annual rental at the end of each five (5) year period utilizing the approved index.

This application is exempt from the narrative record of decision process because it has been advertised through the standard process and no competing applications were submitted. The above summary will constitute the record of decision.

Mr. Higgins recommends the Director approve the issuance of SULA 1275 for a term of 30 years, with a beginning annual rental of \$400.00 and a five-year rental review pursuant to R850-30-400.

TRUST LANDS
ADMINISTRATION
Approve
Deny

SPECIAL USE LEASE AGREEMENT NO. 802 (EXPIRATION)

SULA 802 is leased to Virgin River Farms, c/o Skip Christensen, 111 Social Hall Avenue, Salt Lake City, UT 84111-1503. This is an agricultural lease in Washington County. School fund.

LEGAL DESCRIPTION:

PARCEL A (Leased Land):

T43S, R16W, SLB&M

Sec. 25: NW4, S2

Sec. 26: All of Section east of I-15

Sec. 35: All of Section east of I-15

Sec. 36: All (Except that portion contained in PS No. 6713 to UDOT containing 22.703 acres)

Containing 1,439.22 acres

PARCEL B (Optioned Land):

T43S, R15W, SLB&M

Sec. 20: S2

Sec. 29: W2NW4

Sec. 30: E2

Sec. 31: W2, W2E2

T43S, R16W, SLB&M

Sec. 22: SE4SE4

Sec. 23: SE4, E2NE4, NW4NE4

Sec. 26: All of Section west of I-15

Sec. 35: All of Section west of I-15 (Except that portion contained in PS No. 6713 to UDOT containing 21.578 acres)

Containing 663.42 acres

FACTS:

Special Use Lease Agreement No. 802 ("SULA 802") was entered effective April 1, 1990, between the Division of State Lands & Forestry (the "Division"), and Virgin River Farms, Inc., a Utah corporation ("Virgin River"), as lessee. SULA 802 was issued to permit Virgin River to develop the leased premises for agricultural purposes, and contained provisions for adding additional lands ("Optioned Land") to the leased premises should Virgin River desire to develop that land as well. Since the lease was issued, Virgin River has not constructed any improvements or otherwise

developed the leased premises.

SULA 802 provided for a primary term of seven years from the effective date of the lease, plus a secondary three-year term. The lease goes on to provide: "At the end of the secondary term, an additional seven-year term may be granted on both the leased and optioned land..."

The secondary term of SULA 802 expired on March 31, 2000. By letter to Virgin River dated April 4, 2000, the School and Institutional Trust Lands Administration (the "Trust Lands Administration") notified Virgin River that it was willing to offer Virgin River the additional seven-year lease term provided in SULA 802, upon Virgin River's tender of the \$40,874.82 lease rental for the lease year beginning April 1, 2000. The Trust Lands Administration's April 4 letter further provided that unless the annual rental was received within 30 days of the date of the letter, the Trust Lands Administration would deem the lease to have expired by its terms on March 31, 2000.

By facsimile letter dated April 27, 2000, Virgin River acknowledged receipt of the Trust Lands Administration's April 4, 2000 letter, but indicated that it did not see the requirement of additional payments to maintain certain residual rights purportedly granted by the lease. As of the date of this item, Virgin River has not tendered the required annual rental for extension of the lease beyond the original secondary term.

CONCLUSION AND ORDER:

The secondary term of SULA 802 expired on March 31, 2000. The Trust Lands Administration's April 4 letter offered an extension of the lease for the final seven-year term provided by the lease upon tender of the required annual rental, but Virgin River in its April 27 lease indicated that it would not do so. Accordingly, SULA 802 expired by its terms on March 31, 2000, and is of no further force or effect.

This item was submitted by the legal department for approval by the Director.

* * * * *

PAID CERTIFICATES OF SALE

<u>NAME</u>	<u>CERT #</u>	<u>FUND(S)</u>	<u>DATE PAID</u>
Phillip Tynan, Archie Brighurst, Del-Mont Wallace	C 24848	SCH	5/17/00
Phillip Tynan, Archie Brighurst, Del-Mont Wallace	C 24851	SCH	5/17/00

INTEREST RATES

Following are the current and past year prime rates as reported by Zions Bank:

<u>CURRENT YEAR</u>	<u>YEAR AGO</u>
9.50%	7.75%